

STATE OF IDAHO

**DEPARTMENT OF HEALTH
AND WELFARE**



**ADVANCED PLANNING DOCUMENT
UPDATE**

For

Medicaid Management Information System
(MMIS) Re-Procurement

January 30, 2004

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1. Purpose

The purpose of this advanced planning document update (APDU) is to request an extension to the Phase One timeframe previously approved. Also, additional activities are being specified as components of Phase One. Additional funding for Phase One is not requested at this time.

The original advanced planning document (APD) requested 90% enhanced Federal Financial Participation (FFP) for Phase One, which initiates the planning process that will lead to a vendor either operating the current MMIS or installing a new system. Our current contract with EDS expires December 2006. The MMIS Re-Procurement Project is planned to be completed in multiple phases using a process of incremental development and implementation.

Phase One, as originally defined, would have developed a Request For Proposal (RFP) to acquire a consultant to assist in the development of the Requirements Analysis deliverables of Phase Two. The Department will instead utilize the services of its existing consultant, Solutions Consulting Group, creator of the Lessons Learned deliverable already completed in Phase One. This will enable the project to progress at an accelerated pace, accomplishing more tasks in a shorter timeframe.

- Phase One – Resource Establishment and Research Activities (Funding Requested in this APD)
 - Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc;
 - Establish roles and responsibilities of team members;
 - The steering committee (sponsors) identified with roles and responsibilities identified;
 - Deliverable from Solutions Consulting on Lessons Learned from Idaho's prior MMIS procurement;
 - Review lessons learned from the previous Idaho procurement;
 - Review current MMIS contract/amendments for services;
 - Review other states contracts for services rendered/best practices;
 - Review other states MMIS systems for best practices;
 - Review other MMIS vendor packages for comparisons;
 - Identify the requirements of the future MMIS;
- Phase Two – Requirements Analysis (RA)
 - Discuss with CMS concerns or recommendations they may have.
 - Review impact of future HIPAA rules.
 - Develop options/recommendations paper for sponsors – contracted services needed, services brought in-house, and other options/recommendations.
 - Develop RFP for MMIS operation or new system, for submission to CMS.
- Phase Three – RFP approval and Bidding Process
 - Receive CMS approval on RFP.
 - RFP released.
 - Evaluation of RFP.
 - Award of contract, approval by State Purchasing, contract signed by vendor, submitted to CMS for approval.
 - MMIS contract signed by Department.
- Future Phases
 - Dependent on vendor and system selected.

2. Needs and Objectives

By December 31, 2006 the current contract with EDS will expire. At that time a new contract must be in place in order to process the State of Idaho's Medicaid claims. The objective of this APD is to put together a project team that includes consultant assistance in developing the requirements analysis, the RFP, evaluating the bids, contractor selection recommendations, and implementation. A thorough review of the services needed and the system required to meet those needs will result in an RFP for a vendor to either operate the current system, with any identified enhancements or to install and operate a new system.

3. Statement of Alternative Considerations

The alternative to this proposal is to have state staff conduct the re-procurement in its entirety.

Tangible benefits of this alternative would be limited cost savings resulting from not utilizing the services of a consultant.

There are major disadvantages to this approach. Since this project will lead to operating the current system or a new system altogether, it will require expertise concerning the integration of several subsystems to adequately support the state's diverse operations. Over the past several years there have been significant advances in decision support, management information, and claims processing systems. Since state staff do not always have the expertise or experience with these advances, the assistance of a consultant is critical in order to assure the development of a wholly integrated system that will carry into the next 10 years. The Department's current consultant provides the necessary expertise and experience in these areas.

4. Requirements Analysis

Phase One activities will increase in scope through the shifting of activities previously defined in Phase Two. By doing so, the project's schedule will provide for an earlier completion of the comprehensive requirements analysis effort. The consultant (Solutions Consulting) currently contracted to the Department will provide assistance in performing these activities. Utilizing the currently approved consultant contract instead of procuring additional consulting services will enable the additional activities that follow, to be performed for the same funding requested previously, and over the extended timeframe requested in this APDU:

- Review lessons learned from the previous Idaho procurement;
- Review current MMIS contract/amendments for services;
- Review other states contracts for services rendered/best practices;
- Review other states MMIS systems for best practices;
- Review other MMIS vendor packages for comparisons;
- Identify the requirements of the future MMIS;

5. Cost Benefit Analysis

The cost/benefit analysis for the MMIS Re-Procurement Project will be a required deliverable from Phase One.

6. Personnel Resource Statement

The state certifies that adequate staff is available to properly execute the contract awarded. A project team has been named which is dedicated to MMIS re-procurement activities. Sponsors for this project who will have overall responsibility for these efforts are David Rogers – Medicaid Administrator, Charlie Wright – ITSD Administrator, and Randy May – Deputy Medicaid Administrator. The following persons will have primary responsibility for re-procurement activities:

| <u>Name/Division</u> | <u>Estimated % of Time</u> |
|---|----------------------------|
| • Joe Crisp, Project Manager ITSD | 100% |
| • Penny Hatcher, Admin Support ITSD | 25% |
| • Leslie Clement, Medicaid Bur. Chief Division of Medicaid | 20% |
| • Dave Ricks, Project Controller Division of Management Services | 30% |
| • Laura Windham Division of Medicaid | 15% |
| • Larry Buell Division of Management Services | 20% |
| • Julie Grunder ITSD | 40% |
| • Billie Schell-Ruby Division of Medicaid | 30% |
| • Phil Chandler, ITSD Relationship Manager ITSD | 40% |
| • Patti Campbell ITSD | 10% |
| • Cathy Libby ITSD | 10% |

7. Description of Activities

- Phase One – Resource Establishment and Research Activities (Funding Requested in this APD)
 - Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc.
 - Establish roles and responsibilities of team members.
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 - Deliverable from Solutions Consulting on Lessons Learned from Idaho's prior MMIS procurement.
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 - Review other states MMIS systems for best practices.
 - Review other MMIS vendor packages for comparisons.
 - Identify the requirements of the future MMIS;
- Phase Two – Requirements Analysis (RA)
 - Discuss with CMS concerns or recommendations they may have.
 - Review impact of future HIPAA rules.
 - Develop options/recommendations paper for sponsors – contracted services needed, services brought in-house, and other options/recommendations.
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 - Dependent on vendor and system selected.

8. Proposed Activity Schedule

- Phase One – Resource Development Milestones
 - Lessons Learned report – January 1, 2004 (see Attachment A)
 - Initiate project with sponsors, core team, project plan, schedule, roles and responsibilities – January 30, 2004
 - Review current MMIS contract/amendments, other States contracts/best practices and MMIS', and MMIS vendor packages – May 14, 2004
 - Identify the requirements of the future MMIS – June 30, 2004
- Phase Two – Develop MMIS RFP July 2004 through December 2004
- Phase Three – Evaluate Bids January 2005 through March 2005
- Phase Four To be Determined

9. Proposed Budget

| APD and APDU History for the MMIS Project | | | | | | | |
|---|------------------|--|------------------|----------------------------|----------------------------|-----------------------|-----------------------|
| APD/ APDU | Approval Date | Description | Budget Amount | Federal Share at 90% | Federal Share at 75% | State Share at 25% | State Share at 10% |
| APD | 9/15/2003 | Phase One | \$190,500.00 | \$171,500.00 | | | \$19,000.00 |
| Pending APDU | | Phase One Schedule and Activities Change | \$190,500.00 | \$171,500.00 | | | \$19,000.00 |

* See page 13 for budget detail.

Note: DHW has incurred the expense for the Lessons Learned deliverable, and it is attached for CMS review.

10. Statement of Expected Usefulness

The proposed project will provide a comprehensive system which preserves the current functionality and satisfies the new management, technical, process, and data requirements. It will remain flexible; to simplify the response to future program needs as well. We estimate that the new system will have an economic useful life of ten years. However, a primary objective of the development approach IDHW is taking is to extend the practical useful life beyond fifteen years, with periodic enhancements.

11. Prospective Cost Distribution

Phase I Request

| State Personnel | Total Cost | Federal 90% | State 10% |
|--|---------------------|---------------------|--------------------|
| Project Team | | | |
| Joe Crisp (75%) | \$24,000.00 | | |
| Penny Hatcher (25%) | \$5,250.00 | | |
| Phil Chandler (40%) | \$13,840.00 | | |
| Dave Ricks (30%) | \$13,290.00 | | |
| Laura Windham (15%) | \$4,100.00 | | |
| Larry Buell (20%) | \$6,630.00 | | |
| Leslie Clement (20%) | \$5,760.00 | | |
| Julie Grunder (40%) | \$13,200.00 | | |
| Billie Schell Ruby (25%) | \$10,010.00 | | |
| Patti Campbell (10%) | \$4,120.00 | | |
| Cathy Libby (10%) | \$3,300.00 | | |
| | | | |
| Total Personnel Costs | \$103,500.00 | \$93,150.00 | \$10,350.00 |
| | | | |
| Operating Expenses | | | |
| Travel expenses (5 staff with 3 out-of-state trips) | \$15,000.00 | | |
| Printing/copying, etc. | \$3,000.00 | | |
| Lessons Learned (60 hrs@\$150/hr) | \$9,000.00 | | |
| Solutions Consulting Group | \$30,000.00 | | |
| | | | |
| Total Operating Costs | \$57,000.00 | \$51,300.00 | \$5,700.00 |
| | | | |
| Capital Outlay | | | |
| Desk, chairs for 5 staff | \$3,000.00 | | |
| Computers, printer for 5 staff | \$5,000.00 | | |
| Office supplies | \$2,000.00 | | |
| | | | |
| Total Capital Outlay Costs | \$10,000.00 | \$9,000.00 | \$1,800.00 |
| | | | |
| Allocated Costs | \$20,000.00 | \$18,000.00 | \$2,000.00 |
| | | | |
| | | | |
| Total Phase I Costs | \$190,500.00 | \$171,450.00 | \$19,050.00 |

Costs will be distributed according to time personnel devote to this project. Idaho has in place an approved time accounting system to credit work to the appropriate accounts and will be reported under the federally approved cost allocation plan. Personnel costs, etc., based on resources identified in Section 6.

12. Cost Distribution Summary

Federal Funding for Phase I development costs is requested at the rates shown in the Cost Distribution in Section 11 of this APDU. These are:

| | | |
|-----|-----------|---------------|
| 90% | CMS FFP | \$ 171,450.00 |
| 10% | DHW Share | \$ 19,050.00 |
| | Total | \$190,500.00 |

13. Statement of Security and Interface Requirements

The security and interface requirements pertaining to this APD are being updated per the HIPAA Security Rule that will be finalized September 2005.

This proposal does not breach any security procedures or interface protocols within the current MMIS system. Once a solution is identified, a pre-implementation testing of the solution will assure that the current system integrity is not compromised.

14. Backup & Fallback Contingency Procedures

Backup and fallback procedures for the current system are addressed in the base contract with EDS. Included in this is a Disaster Recovery plan.

15. Assurances the State Has Met the Requirements

The State of Idaho, Department of Health and Welfare certifies that it has met the requirements for (1) Procurement Standards (Competitive/Sole Source) 45 CFR Part 95.613, 45 CFR Part 74, SMM Section 11267, SMD Letter of Dec. 4, 1995 (2) Access to Records 45 CFR Part 95.615, SMM Section 11267 (3) Software Ownership, Federal Licenses and Information Safeguarding 42 CFR Part 433.112(b)(5) – (9) and (4) Progress Reports SMM Section 11267. HIPAA Rules will also be taken into account for compliance.

The State of Idaho, Department of Health and Welfare, certifies that it has available its share of the funds required to complete the activities described in this APD. The State requests approval to proceed with federal funding at the above levels.